

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-04 H-01 INR-07 L-03
NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06
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R 141701Z JUL 77
FM AMEMBASSY LISBON
TO SECSTATE WASHDC 2184
INFO AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY MADRID
AMEMBASSY MOSCOW
AMCONSUL OPORTO
AMEMBASSY PARIS
AMCONSUL PONTA DELGADA
USMISSION NATO
DIA WASHDC
USCINCEUR VAIHINGEN GER

C O N F I D E N T I A L LISBON 5433

E.O. 11652: XGDS-3
TAGS: PGOV PINT PO
SUBJECT: POLITICAL DEVELOPMENTS: AGRARIAN REFORM TO THE FORE

REFS: A) LISBON IR 6-879-0265 77), B) LISBON 5341 (DTG 121642Z JUL 77)

SUMMARY: THE PS, PSD, AND CDS VOTED JULY 13 TO PUT OFF A VOTE
ON THE MEDIUM-TERM ECONOMIC PLAN. THE ASSEMBLY WILL NOW VOTE
ON THE AGRARIAN REFORM PROPOSAL AMIDST MOUNTING COMMUNIST
PRESSURE AND INTENSIFIED NEGOTIATIONS AMONG THE PS, PSD, AND CDS.
END SUMMARY.

1. DEBATE ON PLAN PUT OFF: THE GOVERNMENT TOOK THE PCP BY
SURPRISE JULY 13 BY MOVING TO RETURN THE MEDIUM-TERM ECONOMIC
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PLAN TO COMMITTEE FOR FURTHER DEBATE. THE PS, PSD, AND CDS SUP-
PORTED THE MOVE TO PUT OFF THE SCHEDULED JULY 13-15 LEGISLATIVE
ASSEMBLY DEBATE ON THE PLAN. THE DECISION TO DELAY THE PLAN
VOTE FOLLOWED ANOTHER ASSEMBLY SETBACK FOR THE GOVERNMENT. THE
PSD, CDS, AND PCP COMBINED JULY 12 TO REJECT THE GOVERNMENT'S
PROPOSAL ON LOCAL GOVERNMENT RESPONSIBILITIES.

2. AGRARIAN REFORM NEXT: THE ASSEMBLY WILL DISCUSS THE AGRARIAN REFORM LAW NEXT ON JULY 18. PLANNING MINISTER SOUSA GOMES TOLD THE AMBASSADOR JULY 13 THAT THE GOVERNMENT WAS WORRIED ABOUT THE PSD AND CDS ON AGRARIAN REFORM. HE SAID SA CARNEIRO WAS DIFFICULT, BUT THAT THE PS WAS DEALING WITH OTHER PSD DEPUTIES. SOUSA GOMES SAID THE COMMUNISTS HAD LOST THEIR HEAD ON THE AGRARIAN REFORM ISSUE. THE COMMUNISTS ARE STEPPING UP THE PRESSURE WITH SIGNS AND STICKERS OPPOSING THE GOVERNMENT'S AGRARIAN REFORM MEASURE POPPING UP ALL OVER THE COUNTRY. MARIO SOARES TOLD THE AMBASSADOR THAT COMMANDO MILITARY EXERCISES IN THE ALENTEJO WERE INTENDED TO WARN THE COMMUNISTS AGAINST ANY RASH ACTIONS (REF A).

3. SOCIALISTS MOVE ON LOPES CARDOSO: PS INTERNATIONAL SECRETARY RUI MATEUS TOLD POLCOUNS JULY 13 THAT THE SOCIALIST PARLIAMENTARY GROUP HAD CAUCUSED ON THE AGRARIAN REFORM MEASURE. ONLY TWO DEPUTIES, VITAL RODRIGUES AND BRAZ PINTO, IN ADDITION TO LOPES CARDOSO SAID THEY WOULD VOTE AGAINST THE AGRARIAN REFORM MEASURE ON THE ASSEMBLY FLOOR. THE SOCIALISTS THEREAFTER REMOVED CARDOSO, RODRIGUES, AND PINTO FROM THE AGRICULTURE COMMITTEE. MARIO SOARES HAS DECIDED UPON A STRATEGY FOR DEALING WITH LOPES CARDOSO AND HIS FOLLOWERS. THE PARTY WILL RULE THAT MEMBERSHIP IN CARDOSO'S WORKERS BROTHERHOOD IS INCOMPATIBLE WITH PS MEMBERSHIP. THE PS WILL NOT FORMALLY EXPEL ITS LEFT WING DISSIDENTS, BUT RULE THAT THEY HAVE CUT THEMSELVES OFF FROM THE PARTY.
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4. A LOOK TO THE FUTURE: MATEUS SAID THAT THE GOVERNMENT IS PLANNING SUBSTANTIAL CHANGES IN THE GOVERNMENT NEXT FALL. PRELIMINARY PLANS CALL FOR NEW FINANCE, FOREIGN AFFAIRS, AND HOUSING MINISTERS, AND A NEW HEALTH STATE SECRETARY. THE REPLACEMENTS WILL BE SOCIALISTS OR INDEPENDENTS. THE FRONT-RUNNER FOR FOREIGN MINISTER IS PS PARLIAMENTARY GROUP LEADER SALGADO ZENHA.

5. EANES DENIES COMPETITION WITH GOVERNMENT: PRESIDENT EANES FACED SOME LEADING QUESTIONS JULY 13 DURING HIS VISIT TO THE RURAL NORTHEAST. IN RESPONSE TO A QUESTION ON A POSSIBLE RIFT BETWEEN THE PRESIDENCY AND THE GOVERNMENT, EANES REPLIED THAT "THERE IS NO COMPETITION BETWEEN THE PRESIDENT AND THE GOVERNMENT." TO ANOTHER QUESTION REGARDING THE GOVERNMENT'S ALLEGED INEFFICIENCY, EANES, "THE GOVERNMENT HAD DONE A LOT." THE SOCIALIST PRESS HAS ALREADY BEGUN TO PLAY EANES'S REMARKS AS A VOTE OF CONFIDENCE IN THE SOARES GOVERNMENT.

6. COMMENT: THE DECISION TO PUT OFF THE VOTE ON THE PLAN IS SHREWD ONE. IT AVOIDS ANOTHER POTENTIAL DEFEAT FOR THE GOVERNMENT AND DELAYS, PERHAPS UNTIL OCTOBER, A VOTE ON A NON-ESSENTIAL MEASURE WITH NO PROSPECT OF SUPPORT FROM THE PSD AND CDS. THE DELAY REMOVES A PCP BARGAINING CHIP FROM THE GAME, AND SETS THE STAGE FOR THE KEY VOTE ON AGRARIAN REFORM. AGRARIAN REFORM AND THE OTHER MAJOR MEASURE PENDING, THE LAW ON COMPENSATION FOR NATIONALIZED PROPERTIES, HAVE PROSPECTS OF SUPPORT ONLY ON THE SOCIALISTS'S RIGHT. BEHIND-THE-SCENES NEGOTIATIONS AMONG THE PS, PSD, AND CDS HAVE INTENSIFIED.
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